NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) - Paid Up With 640 Acres Pooling Provis STANDARD LEASE W/ OPTION v.3

PAID UP OIL AND GAS LEASE (No Surface Use)

2 day of THIS LEASE AGREEMENT is made this , 2010, by and between Larry Hoover and Sandy Hoover, husba and wife whose address is 5665 Mitchell Saxon Rd Fort Worth Tx 76140, as Lessor, and DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas 75201, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of

blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

.721 ACRES OF LAND, MORE OR LESS, BEING Blk 4 Lot 11, OUT OF THE Mountain View Addition, AN ADDITION TO THE CITY OF Arlington, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME 388-Y, PAGE 118 OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

in the county of TARRANT, State of TEXAS, containing .721 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

- 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.
- 3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be <u>Twenty Five Percent</u> (25)% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the nearest field in which there is such a prevailing to the same field, then in the nearest field in which there is such a prevailing to the same field. production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be <u>Twenty Five Percent</u> (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which prevaiing white same lead thanket price paid for production or similar quanty in the same lead (or in there is no such price their prevaiing in the same lead, then in the healest lead it which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, such well or wells are shut-in or production there from is not being sold by Lessee, such well or wells are shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

- shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

 4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at Lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments to Lessor or to the depository by deposit in the US Malls in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor's shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

 5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith. Whithis 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drillin
- production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment, and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written describing the revision describing the revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

 7. If Lessor owns less than the full mineral estate in all or any part
- 7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalting es and shut-in royalties payable hereunder for any well on any part of the sed premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises
- The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depin or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties

Page 2 of 5

hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transfere to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in

Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or pormises described in Paragraph 1 above, notwithstanding any partial release or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crop

fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a postion of the least described because with the lease becoming offerting upon expension of any expression of the substances covered by this lease and covering all or a postion of the least described because with the lease becoming offerting upon expension of the substances covering offerting upon expension of the substances covering offerting upon expension of the substances.

a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written

notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

- 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

 15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved. furnished satisfactory evidence that such claim has been resolved.

 16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other
- operations.
- 17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of $\underline{\text{Two}}$ (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

See Exhibit "A" Attached hereto and by reference made a part hereof:

LESSOR (WHETHER ONE OR MORE)

Signature: Tarry W. Hoover

Printed Name: LARRY W. HOOVER

ACKNOWLEDGMENT

STATE OF TEXAS **COUNTY OF TARRANT**

This instrument was acknowledged before me on the

day of Apri , 2010, by Hoover

ZACAHRIAH R. GOFF Notary Public, State of Tex. My Commission Expires September 21, 2013

me (printed):

STATE OF TEXAS **COUNTY OF TARRANT**

This instrument was acknowledged before me on the

ACKNOWLEDGMENT

2010. by

Sandra

ZACAHRIAH R. GOFF Notary Public, State of Texas My Commission Expires September 21, 2013

Notary Public, State of Notary's name (printed): Notary's commission ex

EXHIBIT "A"

Attached to and made a part of that certain oil and gas lease dated April 7, 2015, by and between Larry Hoover and wife Sandy Hoover, as Lessor and, Dale Property Services, L.L.C.as Lessee, to-wit:

Legal description:

..721 ACRES OF LAND, MORE OR LESS, BEING BLOCK 11, LOT 4 OUT OF THE MOUNTAIN VIEW ADDITION, THIRD FILING, AN ADDITION TO THE CITY OF MANSFIELD, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME 388-Y, PAGE 118 OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS

It is agreed and understood that the provisions of this rider shall supercede any portion of the printed form of this lease to which this rider is attached.

- 15. Lessee shall not enter upon the surface, place any structure or building upon the leased premises, install any pipelines or conduct any operations what so ever without the written consent of Lessor, on the surface of the leased premises. Lessee shall only develop the leased premises by pooling, as provided herein, or by directional or horizontal drilling commenced from a surface location on other lands
- 16. For the purpose of this Lease, oil, gas and mineral is defined to include oil, gas, casinghead gas and the by-products thereof, and such other hydrocarbon substances and sulfur as are necessarily produced with and incidental to the production of oil or gas. It is expressly understood that this Lease does not cover, caliche, uranium, uranium ores, sulfur (except that incidental with gas), vanadium, plutonium, thorium, lignite, coal, salts, entrained methane, hydrostatic hydrocarbons, rock asphalt, fissionable material, thermal and geothermal chemical energy, base and precious metals, metallic materials or any other minerals, substance or energy forms which may be mined found or produced by any method including, but not limited to emulsion techniques or underground gasification, provided however, that this Lease shall cover and include any asphalt or heavy oil which may be produced from well bores.
- 17. Lessee will be responsible for, and will indemnify and hold Lessors harmless against any and all claims, damages, liabilities, fines penalties and costs (including without limitation reasonable attorneys' fees) for injuries (up to and including death) to any person or persons, property damage (including but not limited to livestock), or pollution or contamination on the leased Land arising from or connected in any way with, caused in whole or part by Lessee or the activities of Lessee, Lessee' contractors, employees, agents, guests or invitees on the Leased Land or adjacent properties within the Pool.
- 18. Following the expiration of the primary term and any extension thereof which may occur in accordance with any provisions contained in this lease, rights under this lease shall terminate as to all depths 100 feet below the deepest producing formation of any well located upon the premises or on lands pooled therewith.
- 19. Notwithstanding anything else herein to the contrary, Lessor's royalty shall never bear, either directly or indirectly any part of the costs or expenses of, gathering, dehydration, compression, transportation, manufacturing, processing, treating, or marketing of the oil or gas or components thereof or associated minerals from the Leased Premises this paragraph is not surplusage, but shall govern over all other royalty provisions of this Lease
- 20. Notwithstanding anything herein to the contrary, Lessee shall include all, and not part, of this lease with other lands and/or leases into one (1) pooled unit that shall be: (i) no larger than forty (40) acres for a well other than a Horizontal Well; (ii) no larger than two hundred (200) acres plus an acreage tolerance of 10%. For purposes of this paragraph, a "Horizontal Well" shall be defined as an oil or gas well in which the Horizontal Displacement of the gross completion interval exceeds the minimum distance described by Texas Railroad Commission Statewide Rule 86. In the event the Railroad Commission of Texas (or other governmental authority having jurisdiction) requires, as opposed to permits, larger units in order to obtain the maximum production allowable, then the foregoing unit limitations may be enlarged only to the extent to obtain such full allocation. No part of the leased premises included in any unit may be removed therefrom without Lessor's prior written consent. In the event Lessor consents to a partial pooling of the acreage under this lease, this lease shall be maintained by operations on or production of oil or gas only as to land included in such pooled unit.
- 23. Lessor shall have the right, at its own expense, at any reasonable time during normal office hours, to make an audit of Lessee's accounts, contracts, books and records pertaining to the Leased Premises for the purpose of ascertaining the amount of production and sales and the cost of manufacturing and extracting any and all substances covered by this agreement. If the audit reveals an underpayment, Lessee shall be responsible for the costs of the audit, however, Lessee shall only be liable for such costs to the extent the audit costs are equal to or less than

the amount of the audited underpayment. In no event shall this provision be construed to limit or restrict Lessor's rights to assert any claims against Lessee under applicable law.

- 24. Lessor warrants and hereby agrees to defend title to all of such Lessor's rights and interests in, to and under the Premises against lawful claims and demands of all parties claiming by, through, or under Lessor, but not otherwise. This Lease is made with the full subrogation in and to all the rights and actions of warranty against all preceding owners and vendors. Lessor shall have no obligation or liability to make any refund of the bonus, Royalties, or any other such payment made hereunder by Lessee by reason of failure of title, or claim thereof, except for any such failure that is within the special warranty of Lessor, nor shall such payments and amounts be reduced by any reason of failure of title, or claim thereof, except for any such failure that is within the special warranty of Lessor.
- 25. Paragraph 14 is hereby deleted in it's entirely.

Signed for Identification:	
Lessor:	
Lary Woove	Date: 4/8/10
Larry Hoover	Date: 4/8/10
Sandy Hoover	bate
Lessee:	
By:	Date:
Printed Name:	×
Title:	*

SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9 **DALLAS, TX 75201**

Submitter: DALE RESOURCES LLC

DO NOT DESTROY WARNING - THIS IS PART OF THE OFFICIAL RECORD.

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Filed For Registration:

4/14/2010 4:13 PM

Instrument #:

D210085846

LSE

PGS

\$28.00

Denluca

D210085846

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: CAMADDOCK